ASPE
RESEARCH SUMMARY

UNDERSTANDING ADOPTION SUBSIDIES: AN ANALYSIS OF AFCARS DATA

BACKGROUND

Adoption subsidies are perhaps the single most powerful tool by which the child welfare system can encourage adoption and support adoptive families. The federal Adoption Assistance Program was created by Congress in 1980 to ensure that families adopting foster children with special needs could do so without reducing or exhausting their resources. Building on concepts implemented at the state level, this federal adoption subsidy program entitles all families adopting children from foster care with special needs, who cannot meet their needs, to obtain subsidy support. Federal expenditures for adoption assistance have grown rapidly since the program was created, from less than $400,000 in fiscal year 1981 to $1.3 billion in fiscal year 2002, and are expected to approach $2.5 billion by FY 2008.

While the Adoption Assistance Program represents a substantial federal investment in assuring permanency for children in foster care, little is known about the factors associated with the receipt and amount of subsidies. Data from the Adoption and Foster Care Analysis and Reporting System (AFCARS) offer an opportunity to examine how states use adoption subsidies to help achieve goals of permanency and well-being for children. Of particular interest to this study are patterns of subsidy receipt, the role of federal support for adoption subsidies under Title IV-E of the Social Security Act, and the relationship between adoption subsidies and adoption outcomes, including the rate of adoptions among eligible children and the timeliness of adoption. AFCARS includes entries for over 42,000 children adopted from foster care across the country in FY 2001. States claimed federal matching payments under the Adoption Assistance Program for nearly 258,000 children per month that year, including both new and ongoing adoption assistance cases.

RESEARCH TOPICS

The analyses presented in this report explore patterns of subsidy receipt, and how subsidies are related to adoption outcomes such as the rate of adoptions among eligible children and how quickly eligible children are adopted. Questions of interest include:

- What are the characteristics of adoptive children and families that may affect subsidy patterns?
- Does the receipt of adoption subsidy vary by children's characteristics or foster care experiences?
- Does the amount of adoption subsidy vary by children's characteristics or foster care experiences?
- To what extent do states vary in practices regarding adoption subsidies?
- Do adoption subsidies affect the timing or likelihood of adoption?

A variety of individual and state-level factors may influence subsidy receipt and amount, and subsidies may in turn affect the likelihood and timing of adoption. The analyses presented in this report examine a number of these factors.

METHODOLOGY

National data from the Adoption and Foster Care Analysis and Reporting System (AFCARS) provide child-level information on children in foster care and children adopted from foster care during a one year reporting period. These analyses use AFCARS data representing all adoptions from foster care during the years FY 1999 to FY 2001 for all 50 states, plus Puerto Rico and the District of Columbia, with additional data from the AFCARS foster care file for 2001. Three types of analyses are presented:

- Descriptive analyses of both national trends and variations among states;
- Correlations among state-level measures, examining relationships among state subsidy practice and adoption outcomes; and
- Multivariate analyses addressing the relationship of child, family, and state characteristics to subsidy receipt and subsidy amount.

However, some hypothesized relationships could not be examined using AFCARS data for two reasons. First, the data elements included in the data set provide limited information about factors such as children's special needs and adoptive parent characteristics. In addition, the structure of the data set does not allow linking information about children's experiences in foster care (such as time in care) to information about their adoption (such as subsidy receipt and amount). However, the comprehensive nature of the data set, including all children adopted from foster care during the year, offers an important opportunity to describe national trends and variations among states with respect to adoption subsidies.

FINDINGS

At the national level, subsidy practice shows some clear patterns in relation to characteristics of adopted children and adoptive families. However, the variations among states are equally striking.

Characteristics of Adopted Children and Adoptive Families

Males comprised one-half of the 50,703 children under 18 years of age who were adopted from foster care during the 2001 reporting period. Less than 2 percent were under one year, about 45 percent were between 1 and 5 years, 24 percent were between 6 and 8, 21 percent were between 9 and 12, and about 9 percent were aged 13 to 17. These proportions remained relatively steady between 1999 to 2001.

For the 2001 reporting period, non-Hispanic white children comprised 38.4 percent of the adopted children, followed by non-Hispanic African Americans at 34.8 percent. Hispanic children made up 16.3 percent of the population of children adopted that year. Other races, including American Indians, Asians, Native Hawaiians, and children with more than one race designation, comprised almost 5.3 percent of adopted children.

Characteristics of Families Adopting Children from Foster Care

	N	%
Number of Adopted Children	50,703	100
Adoptive Family Structure		
Married Couple	30,776	66.8
Unmarried Couple	636	1.4
Single Female	13,659	29.6
Single Male	1,026	2.2
Preadoptive parent-child relationship		
Foster parent	26,501	52.3
Step parent	117	0.2
Other relative	10,713	21.1
Nonrelative	7,750	15.3
Child same race/ethnicity as adoptive parents		
Yes	28,788	92.8
No	2,243	7.2

Notes:

1. Numbers in categories may not add to the total number of adopted children due to missing data.

2. More than one pre-adoptive child relationship could be specified for a child, therefore the denominator for each category is based on the number of responses for that category. These results vary from those reported by ACF due to differences in how this variable was analyzed.

3. A child was considered the same race as adoptive parents if the child was classified as white, African-American, Hispanic or "other" and at least one parent was the same. "Other" includes American Indians, Asians, Native Hawaiians, and children with more than one race designation. The percentage of transracial adoptions reported here may be lower than that reported elsewhere due to differences in how this variable is calculated.

Source: AFCARS 2001, adoption data.

Two-thirds of children adopted from foster care are adopted by married couples. Among children less than 5 year of age, almost 72 percent were adopted by married couples. This proportion dropped with each successive age group to 62 percent for children aged 6 to 12 and 60 percent for children 13 to 17. Single females comprised the next largest proportion of adoptive parents (30 percent). Only one-quarter of younger children (aged 0 to 5) were adopted by single females, which increased to more than one-third of the adoptions of older children (aged 13 to 17).

Slightly more than one-half (52 percent) of the children were adopted by a foster parent, 21 percent were adopted by a relative other than a step parent, 15 percent were adopted by a nonrelative, and the remaining were step-parent adoptions (less than 1 percent). Overall, 93 percent of children were of the same race/ethnicity as at least one of his or her adoptive parents. Slightly fewer same race adoptions occurred among younger children (91 percent). The percentage of transracial adoptions reported here may be lower than that reported elsewhere due to differences in how this variable is calculated.

Findings Regarding Subsidy Receipt and Amounts

Nationally, 88 percent of children adopted from foster care in FY 2001 received an adoption subsidy. Subsidy receipt ranging from 13 percent to 100 percent across states. Nearly all adopted children (88 percent) were identified as having special needs. The special needs definition used in adoption varies by state, but includes both disabilities and other factors that make finding an adoptive home more challenging, such as age and being part of a sibling group. Among the 10 states with the most adoptions, the proportion of children with special needs ranged from a low of 55.1 percent in Pennsylvania up to 99.9 percent in Ohio. These differences may be due to state policy and practice in how they define their criteria for special needs within federal guidelines.

The median monthly subsidy amount was $444 per month. At the state level, median subsidies ranged from $171 to $876 monthly. Although states have the option of offering deferred payment agreements which allow families the option of negotiating a subsidy at a later date even if they do not need one at the time of adoption, this arrangement is not explicitly identified in AFCARS. Fewer than 1 percent of adopted children were shown as having an adoption assistance agreement and receiving a subsidy of $0 or $1.

Among newly adopted children receiving subsidies, 74 percent received federal adoption assistance through Title IV-E. States with higher rates of Title IV-E eligibility provided subsidies to more children. Multivariate analyses found associations between Title IV-E eligibility and subsidy receipt and amount. States with higher levels of federal support for adoption assistance (i.e. higher federal match rates) offered lower subsidy amounts, suggesting that even augmented federal contributions did not offset limited financial resources within these states (higher federal match rates are provided to states with lower per capita incomes).

Summary of Adoption Subsidy Receipt by State, 2001

	Adopted Children (N)	% Receiving Any Subsidy	% of All Subsidies That are IV-E Eligible	Median Subsidy Amount ($)		Adopted Children (N)	% Receiving Any Subsidy	% of All Subsidies That are IV-E Eligible	Median Subsidy Amount ($)
Alabama	237	46.8	72	241	Nebraska	292	68.8	75	527
Alaska	278	97.5	85	650	Nevada	243	94.7	75	N/A
Arizona	938	94.3	73	479	New Hampshire	95	88.4	100	552
Arkansas	361	89.2	89	425	New Jersey	1,025	90.1	86	437
California	9,822	91.5	91	441	New Mexico	369	89.4	100	503
Colorado	596	92.1	66	510	New York	3,888	97.9	95	N/A
Connecticut	444	16.4	63	659	North Carolina	1,298	94.2	80	365
Delaware	115	97.4	78	479	North Dakota	145	62.8	79	402
Dist of Col	227	57.3	77	741	Ohio	2,225	96	100	500
Florida	1,748	64.2	88	300	Oklahoma	955	99.5	60	360
Georgia	896	48.3	72	411	Oregon	1,071	99	80	400
Hawaii	260	83.1	73	529	Pennsylvania	1,525	90.2	94	510
Idaho	123	84.6	90	275	Rhode Island	267	99.6	64	407
Illinois	4,079	96.2	78	410	South Carolina	364	100	64	359
Indiana	867	51.8	100	171	South Dakota	97	64.9	94	390
Iowa	659	76.5	76	856	Tennessee	638	81.2	85	402
Kansas	423	72.8	85	400	Texas	2,317	72.6	77	516
Kentucky	571	70.8	79	600	Utah	348	77.3	62	300
Louisiana	470	91.1	82	353	Vermont	116	85.3	100	549
Maine	363	99.2	93	650	Virginia	493	95.5	71	344
Maryland	812	98.4	80	543	Washington	1,203	97.7	86	572
Massachusetts	721	89.3	54	471	West Virginia	362	91.7	69	400
Michigan	2,975	96.4	87	591	Wisconsin	753	99.2	85	639
Minnesota	565	99.3	85	427	Wyoming	46	93.5	84	399
Mississippi	264	81.4	100	N/A	Puerto Rico	250	13.2	79	174
Missouri	1,091	96.4	70	275					
Montana	275	90.2	67	408	U.S. TOTAL	50,565	88.1	84	444

Notes:
1. Invalid or missing subsidy data are excluded from these analyses.
2. Children with a deferred subsidy are counted as receiving subsidy assistance and are likely underreported due to state variation in reporting these data.
3. Data presented in this table are reported to ACF by states. Although ACF continues to work with states to improve the quality of AFCARS data, neither ACF nor RTI can verify the validity or completeness of these data.

Source: AFCARS 2001, adoption data

Children's age and special needs status influenced subsidy receipt and amount. Older children were more likely to receive subsidies, and to receive larger subsidies; race and ethnicity did not influence subsidies after controlling for state level variation. Although sex was not associated with subsidy receipt, among children who received a subsidy, boys received slightly higher subsidies than did girls.

Pre-adoptive relationship and other characteristics of adoptive families influenced children's subsidies. Children adopted by foster parents were more likely to receive subsidies than others. They also received higher subsidies than children adopted by relatives. Children adopted by Hispanic mothers received lower subsidies than those whose adoptive mothers were non-Hispanic whites. Children adopted by single females received higher subsidies than those adopted by married couples. These findings suggest the influence of both family needs and adoptive families' ability to advocate on subsidy decisions.

Analyses found some support for associations between subsidies and adoption outcomes. State-level analyses show a significant correlation between subsidy receipt and the percent of each state's eligible children who are adopted. Multivariate analysis found that children living in states where the median time to adoption was longer were more likely to receive subsidies, and received higher subsidies. Possibly, states are using subsidies strategically to address the backlog of waiting children in foster care and meet their adoption goals.

The limitations of the AFCARS data set suggest that more compelling analyses may be possible using state administrative databases, with greater opportunities to compare children's foster care and adoption experiences. However, the comprehensive scope of AFCARS supports analyses that provide an overview of how adoption subsidies are used to encourage permanency for children, as well as the diversity of practice among states.

A full copy of the report can be accessed at: http://aspe.hhs.gov/hsp/05/adoption-subsidies/

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